

Mr. Howard Hardecke
Field Hearing in Springfield, Missouri
August 28, 2006

Mr. Chairman, members of the Committee, I appreciate the opportunity to express my opinions concerning the upcoming 2007 Farm Bill. My name is Howard Hardecke, and I am a rancher and farmer from Bolivar, Missouri. I have been in ranching for 33 years and have actively kept abreast of happenings in the agriculture arena and the beef industry in particular. I am the immediate past president of the Missouri Cattlemen's Association and am currently serving on Congressman Roy Blunt's Agriculture Advisory Committee and on the Governor of Missouri Matt Blunt's Agriculture Advisory Committee. I am witnessing as an individual producer before this committee today.

Speaking as a Missouri cattle producer, we are the second leading cow producing state in the United States. Our cash receipts in 2004 was \$821 million, or 19% of the states total cash farm receipts. We have beef cattle in all of Missouri's 114 counties, with most of the top ten counties in south Missouri. The majority of the cattle in Missouri are within a 100 mile radius of where we are right now. You are in cattle country. We are dependent upon this nation's agricultural system and infrastructure to feed, transport, and market our cattle in order to provide beef for America's table. As such, we are very interested in seeing this segment of agriculture remain healthy and viable.

As you may well know ranchers are an independent lot who want the opportunity to run their operations as they see fit with minimal intrusion from the government. As the nation's largest segment of agriculture, the cattle industry is focused on continuing to work towards agriculture policy which minimizes direct federal involvement; achieves a reduction in federal spending; preserves the rights of individual choice in the management of land, water and other resources; provides an opportunity to compete in foreign markets; and does not favor one producer or commodity over another. I would like to address several sections of the 2002 Farm Bill and how current and future challenges might be addressed during the formulation of the next Farm Bill.

Conservation and Environment

Conservation and environmental issues are two areas where federal agriculture policy and the beef industry can work together to ensure the future of the cattle business in the U.S. Being good stewards of the land makes good environmental sense and is fundamental in making our industry strong. USDA's conservation programs are a great asset to cattle producers. We want to see them continued and refined to make them more producer friendly and more effective in protecting the environment in a sensible way.

One concern of mine involves various USDA conservation programs such as CSP and CRP. To enroll in these programs requires the producer to stop productive economic activity on the land enrolled. I believe economic activity and conservation can go hand in hand. I would like to see the next farm bill allow managed grazing on land enrolled in

CRP. This will have tangible benefits on environmental quality, for example, helping to improve lands threatened by invasive plant species.

Environmental issues are a huge challenge for our industry. And I understand we need to have regulations to protect resources and that those producers who knowingly pollute and violate the Clear Air and Clear Water Acts should be prosecuted. However, the use of vehicles such as the EPA's Superfund to sue agriculture producers for the manure in their operation is egregious and threatens the future of agriculture producers both large and small. This, combined with EPA's talk of regulating agricultural dust and other naturally occurring substances makes us all concerned for our industry. And, although I know these items are not addressed in the Farm Bill I ask that members of this committee step in and help agriculture producers in their fight to have effective and sensible environmental regulations.

Trade

U.S. cattlemen have been and continue to be strong believers in international trade. We know that 96% of our customers are outside of the U.S. borders, and so we encourage the Committee to have a strong and vigilant oversight of the enforcement of any trade pact to which American agriculture is a party.

I would like to see aggressive negotiating positions to open markets and to remove unfair trade barriers to our product. I also support Congressional and regulatory action to address unfair international trade barriers that hinder the exportation of U.S. beef. The beef industry certainly appreciates your work in helping to reopen the foreign markets that were closed to U.S. beef after the discovery of BSE in a Canadian cow in Washington state. We ask for your continued support in seeing that sound science is being followed in bringing down these artificial trade barriers.

Animal ID

One of the most controversial and divisive issues currently in the beef industry is the issue of animal identification. I believe that a national ID system is necessary in trying to deal with, and mitigate the effects of animal health emergencies on our business and trade. I strongly feel that a privately held animal identification system, like the one that exists now under the administration of the U.S. Animal Identification Organization (USAIO) has the ability to work with animal identification service providers across the country to collect animal movement data and serve as a single point of contact in the event of an animal health emergency. Confidentiality of the information is paramount and is one of the greatest concerns for producers. This privately held data base will keep the information much more safe than a public or USDA system would.

Research

In regards to animal health emergencies, I see a need to keep a strong agricultural research component to the Farm Bill. USDA's research is critical in all aspects of our business. Their research and extension activities help to find new and improved cattle production methods to help make our business more efficient and effective. Animal health research helps to control and eradicate animal diseases; develop better methods to keep foreign animal diseases out; and to identify, control, and preempt new diseases. These activities keep our national herd healthy and make it easier to export our beef and cattle. In addition, nutrition research is important to show that beef is a healthy part of America's diet.

Energy

Research is also needed to identify and develop alternative methods of producing energy. Renewable energy is going to become an increasingly important part of our country's energy supply and there are many ways that cattle producers can contribute and benefit. Research and development is needed to find cost-effective methods of utilizing manure and animal waste as a fuel supply. Gasification and other methods hold a lot of promise for our industry. When looking at ethanol, however, we must be careful not to act in a way that is detrimental to the livestock industry. Livestock consume the majority of U.S. corn. As ethanol continues to grow, we must make sure it does not do so at the detriment of the cattle feeding industry. We must take all opportunities to look at ways to balance feed demand, price, and the benefit of renewable fuels.

Property Rights

In turning to business matters, one of the biggest concerns to cattlemen right now is their private property rights. The Supreme Court's ruling in *Kelo vs. The City of New London* sent a shockwave through the cattle community. The thought that our ranches could be taken by municipal governments and turned over to private developers in the name of economic development is disturbing. Our country is great for many reasons, but one of them is the ability to own property, use it how you see fit, and not worry about it being taken from you on someone else's terms. I believe in the rights of cattlemen to keep their property and applaud the Committee's efforts to protect those rights.

Taxes

Reducing the tax burden on ranchers has always been a top priority for our industry. I continue to support permanent repeal of the Death Tax. Regardless of how many or how few are affected, if even one rancher has to sell off part of their operation to pay this tax is unacceptable. Cattlemen pay their fair share of taxes, and resent the fact that many are being penalized for wanting to pass their operations on to future generations. A priority should be to keep families in agriculture, and this tax works against that goal. This is not a tax cut for the rich. Ranchers operate in an asset rich but cash poor business environment. Ranchers are being forced to spend money that would otherwise be

reinvested in their businesses to hire the resources necessary to protect their assets and pass their operations on to their children. At the same time, however, they may have several hundred acres of land whose value has been driven up by urban sprawl.

Marketing Issues

I support the critical role of government in ensuring a competitive market through strong oversight. This includes the role of taking the necessary enforcement actions when situations involve illegal activities such as collusion, anti-trust and price fixing.

However, government intervention must not inhibit the producers' ability to take advantage of new marketing opportunities and strategies geared toward capturing a larger share of consumers' spending for food. A ban on packer ownership or forward contracting has been a part of Farm Bill debate for years. I am staunchly opposed to those efforts because by legislating those conditions, Congress is trying to tell cattle producers how and when to market their cattle. This strikes at the very basis of our business, which is utilizing the market and its opportunities to improve our returns and make a living. I don't believe that Congress should tell cattlemen how they can market their cattle. Each producer should be able to make that decision for himself.

Another issue of concern is mandatory Country of Origin Labeling or COOL. Cattlemen across the country realize the benefits of labeling our product because we produce the best beef in the world. The ability to separate our product from everything else in an effort to market its superiority is a fundamental marketing strategy. There are voluntary labeling programs across the country that are being driven by the market, led by cattlemen, and are providing a higher return on their cattle. This is what a labeling program should be about...marketing. Instead, mandatory COOL has turned this into yet another commodity type program that treats all beef the same and does not allow for forms of niche marketing. This will cost producers money, but will not provide them with any return. In addition, mandatory COOL is being pushed by some as a food safety prevention tool and a non-tariff trade barrier. COOL is a marketing tool only, and in no way should be tied to food safety. We have firewalls in place to keep U.S. beef safe. To label our beef in an effort to capitalize on the demand for our premium product is one thing, to label it as a way to block the competition is yet another.

Disaster Assistance

As most of you saw as you entered southwest Missouri, we are currently in the throes of a continuing

drought. This lack of moisture, combined with the intense heat for several weeks this summer is slowly devastating the beef industry in several states besides Missouri.

Ranchers are looking for feed sources, moving cattle to areas that still have some pasture and water, and many are contemplating liquidation of their herds. And, even though we, as cattlemen, are very independent and proud, I believe that in order for the beef industry to remain viable in the international marketplace and to provide meat for our own economy that appropriate assistance should be considered for inclusion in the 2007 Farm

Bill. If we can provide millions of dollars of relief for hurricane and tornado victims, can we not provide some relief for drought ravaged cattlemen. After all, by providing some assistance to cattle people there promises to be a positive return to the economy. I'm not sure this can be said for other forms of disaster relief.

Conclusion

As a cattleman, I just want the opportunity to run my ranch the best way I can in order to provide a high quality product to the American consumer. I am witnessing today in an effort to work together with you to find ways to use the extremely limited funds available in the best way possible to conserve our resources, build our industry, and provide for individual opportunity at success. We ask for nothing more than Federal agriculture policy that helps build and improve the business climate for cattlemen. And I appreciate the opportunity to address you today.

Respectfully submitted,

Howard Hardecke